

State of Alaska FY2007 Governor's Operating Budget

Department of Health and Social Services Fraud Investigation Component Budget Summary

Component: Fraud Investigation

Contribution to Department's Mission

The Fraud Control Unit (FCU) provides cost-effective detection and deterrence of Public Assistance applicant and recipient fraud. The unit's efforts contribute to public assistance program integrity and financial solvency, and to the public's confidence in the Division of Public Assistance overall mission.

Core Services

The Fraud Control Unit investigates public assistance applicant and recipient fraud allegations received from the public and division staff. Cases of proven fraud result in administrative sanctions and/or criminal prosecutions. An automated system tracks progressively severe administrative disqualification penalties for clients committing welfare fraud. Fraudulently received benefit debt amounts are determined and recovered.

FY2007 Resources Allocated to Achieve Results

FY2007 Component Budget: \$1,608,700	Personnel:	
	Full time	16
	Part time	0
	Total	16

Key Component Challenges

- Reduce the backlog of fraud referrals awaiting investigation. Incoming fraud allegations are prioritized to first address cases involving current benefit recipients. The number of referrals has often exceeded the productive capacity of the unit.
- Increase the number of cases referred and accepted for criminal prosecution or alternatives to prosecution. An effective prosecution program is a major deterrent to welfare fraud, and is a key component of a successful fraud control effort.
- Continue to improve the unit's operational structure and procedures to efficiently accommodate incoming investigative workload.
- Work on procedures and clarify the authority to expand the component's focus to enable investigation of Medicaid and Child Care program fraud.

Significant Changes in Results to be Delivered in FY2007

No change in budget support requested, but plan to increase service results by:

1. Reducing the number of backlogged referrals awaiting action.
2. Increasing the number of cases referred for criminal prosecution increased from previous year.
3. Increasing in the number of Intentional Program Violations (IPV) detected from previous year.
4. Defining and expanding the unit's role in Medicaid Program fraud and complaint investigations.

5. Completing the conversion to the new Food Stamp Program National Database for recording and tracking disqualified recipients.

Major Component Accomplishments in 2005

- In FY05 the unit's investigative efforts resulted in cost-avoidance, direct savings, and established fraudulent overpayment claims totaling over \$3 million. The deterrent value of an active fraud control effort cannot be quantified yet significantly adds to this value.
- The unit investigated 421 Temporary Assistance and 606 Food Stamp Applicant Fraud allegations resulting in an estimated cost avoidance savings of \$1.4 million through benefit reduction or denial.
- Recipient investigations resulted in \$607,730 in fraudulent overpayment debt established, and over \$300,000 of debt recovery.
- The unit's fraud investigators resulted in 140 Temporary Assistance recipient disqualifications resulting in direct savings of \$292,248. There were 198 Food Stamp Program participant disqualifications resulting in direct savings totaling \$459,726.

Statutory and Regulatory Authority

AS 47.25.975 Food Stamp Program
AS 47.27.015 Alaska Temporary Assistance Program
7 CFR 273.16 Food Stamp Program
45 CFR 235.110 Welfare Fraud

Contact Information

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Fraud Investigation Component Financial Summary

All dollars shown in thousands

	FY2005 Actuals	FY2006 Management Plan	FY2007 Governor
Non-Formula Program:			
Component Expenditures:			
71000 Personal Services	1,131.3	1,211.5	1,289.6
72000 Travel	1.0	8.4	8.4
73000 Services	286.3	300.7	300.7
74000 Commodities	9.3	10.0	10.0
75000 Capital Outlay	0.2	0.0	0.0
77000 Grants, Benefits	0.0	0.0	0.0
78000 Miscellaneous	0.0	0.0	0.0
Expenditure Totals	1,428.1	1,530.6	1,608.7
Funding Sources:			
1002 Federal Receipts	750.1	818.4	859.8
1003 General Fund Match	641.7	673.6	708.8
1004 General Fund Receipts	36.3	38.6	40.1
Funding Totals	1,428.1	1,530.6	1,608.7

Estimated Revenue Collections

Description	Master Revenue Account	FY2005 Actuals	FY2006 Management Plan	FY2007 Governor
Unrestricted Revenues				
None.		0.0	0.0	0.0
Unrestricted Total		0.0	0.0	0.0
Restricted Revenues				
Federal Receipts	51010	750.1	818.4	859.8
Restricted Total		750.1	818.4	859.8
Total Estimated Revenues		750.1	818.4	859.8

**Summary of Component Budget Changes
From FY2006 Management Plan to FY2007 Governor**

All dollars shown in thousands

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
FY2006 Management Plan	712.2	818.4	0.0	1,530.6
Adjustments which will continue current level of service:				
-FY 07 Wage Increases for Bargaining Units and Non-Covered Employees	10.3	11.7	0.0	22.0
-FY 07 Health Insurance Cost Increases for Bargaining Units and Non-Covered Employees	1.4	1.5	0.0	2.9
-FY 07 Retirement Systems Cost Increase	19.3	21.8	0.0	41.1
Proposed budget increases:				
-Risk Management Self-Insurance Funding Increase	5.7	6.4	0.0	12.1
FY2007 Governor	748.9	859.8	0.0	1,608.7

Fraud Investigation Personal Services Information

Authorized Positions			Personal Services Costs	
	<u>FY2006</u> <u>Management</u> <u>Plan</u>	<u>FY2007</u> <u>Governor</u>		
Full-time	16	16	Annual Salaries	814,216
Part-time	0	0	COLA	22,501
Nonpermanent	0	0	Premium Pay	0
			Annual Benefits	476,627
			Less 1.81% Vacancy Factor	(23,744)
			Lump Sum Premium Pay	0
Totals	16	16	Total Personal Services	1,289,600

Position Classification Summary

Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
Administrative Clerk II	1	0	0	0	1
Elig Technician II	1	0	0	0	1
Elig Technician III	1	0	0	0	1
Investigator II	7	2	0	2	11
Investigator III	1	0	0	0	1
Investigator IV	1	0	0	0	1
Totals	12	2	0	2	16